

Capital Securities Corporation

Procedures for Election of Directors

Date of establishment: February 23, 1995

Amendment for the 1st instance: May 15, 2002

Amendment for the 2nd instance: June 9, 2006

Amendment for the 3rd instance: June 27, 2012

Amendment for the 4th instance: June 27, 2016

Amendment for the 5th instance: July 14, 2021

- Article 1 The election of directors of the Company shall be conducted in accordance with these Procedures in addition to the applicable provisions of the Company Act, the Securities and Exchange Act, and the Company's Articles of Incorporation.
- Article 2 The appointment of directors shall take into consideration the overall composition of the Board. Members of the Board shall generally possess the knowledge, skills, and character necessary to perform their duties. The Board as a whole shall possess the following capabilities:
1. Business judgment;
 2. Accounting and financial analysis;
 3. Management administration;
 4. Crisis management;
 5. Industry knowledge;
 6. Understanding of international markets;
 7. Leadership;
 8. Decision-making capability.
- More than half of the members of the Board shall not have spousal or second-degree familial relationships with one another.
- Article 3 The qualifications of the Company's independent directors shall comply with Articles 2, 3, and 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."
- The election of the Company's independent directors shall be conducted in accordance with Articles 5 through 9 of the same regulations and shall follow the candidate nomination procedures set forth in Article 24 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Article 192-1 of the "Company Act".
- Article 4 Candidates for both directors and independent directors who meet the qualifications stated in Articles 2 and 3 shall be elected at the shareholders' meeting.
- The election shall adopt a cumulative voting system with ballots bearing the names of candidates. Each share shall carry voting rights equal to the number of directors to be elected, and the votes may be cast for a single candidate or distributed among multiple candidates. The candidates who receive the most votes shall be elected as directors.
- Independent and non-independent directors shall be elected together, with the number of seats calculated separately.

- Article 5 The Company shall prepare ballots in a quantity equal to the number of directors to be elected, indicating the number of votes each ballot carries, and shall distribute them to the shareholders present at the shareholders' meeting. The voter's name may be represented by the number printed on their attendance certificate.
- Article 6 The number of independent and non-independent directors elected shall be in accordance with the quotas specified in the Company's Articles of Incorporation. Voting results shall be calculated separately for independent and non-independent directors, and candidates receiving the highest number of votes shall be elected in descending order. In the event two or more candidates receive the same number of votes and the number of such candidates exceeds the number of positions available, the winners shall be determined by drawing lots. If any such candidate is absent, the chairperson shall draw the lot on their behalf.
- Article 7 Before the commencement of the election, the chairperson shall appoint scrutineers and vote counters to oversee the election and tally the votes. However, scrutineers must be shareholders. The ballot boxes shall be prepared by the Company and shall be publicly inspected by the scrutineers before voting begins.
- Article 8 Voters shall write the name of the candidate in the "Candidate" field of the ballot. If the candidate is the government or a juristic person shareholder, the "Candidate" field shall state the name of the government agency or juristic person, or may state both the name of the government or juristic person and its representative. If there are multiple representatives, each representative's name shall be stated individually.
- Article 9 A ballot is considered invalid in any of the following circumstances:
1. The ballot is not prepared by the convener.
 2. A blank ballot is cast into the ballot box.
 3. The writing is illegible, altered, or cannot be verified.
 4. The candidate listed does not match the official list of director candidates.
 5. The ballot contains additional writing beyond the candidate's name or company name.
 6. More than one candidate is listed on a single ballot.
- Article 10 Vote counting shall be conducted under the supervision of the scrutineers, and the chairperson shall announce the list of elected directors and independent directors on the spot.
- Article 11 The Company's Board of Directors shall issue notifications of election results to those elected as directors and independent directors.
- Article 12 If, due to dismissal or other reasons, the number of directors falls below five, the Company shall hold a by-election at the next shareholders' meeting. However, if the number of vacancies reaches one-third of the number of directors specified in the Articles of Incorporation, an extraordinary shareholders' meeting shall be convened within 60 days from the date the vacancy occurred to hold a by-election.
- If the number of independent directors falls below the minimum required under Article 14-2, Paragraph 1 of the Securities and Exchange Act or the relevant provisions of the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings, a by-election shall be held at the next shareholders' meeting. If all independent directors are dismissed, an extraordinary shareholders' meeting shall be convened within 60 days from the date the vacancies occurred to hold a by-election.
- Article 13 These Procedures shall take effect upon approval by the shareholders' meeting. Amendments shall follow the same procedure.